

Message Text

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17

ACTION EA-09

INFO OCT-01 ISO-00 L-03 H-02 PA-02 PRS-01 INT-05 OES-06

FEA-01 AID-05 CIAE-00 EB-07 FRB-01 INR-07 NSAE-00

USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 /110 W

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INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: EMIN, TH

SUBJECT: RTT CABINET APPROVES THAI ZINC SMALTER PROJECT

1. FOLLOWING IS THE TEXT OF AN ARTICLE WHICH APPEARED
IN THE "BANGKOK POST" AUGUST 18:

BEGIN TEXT: A MINISTRY OF INDUSTRY PROPOSAL TO BUILD A ZINC
SMELTING PLANT IN TAK PROVINCE WAS GIVEN CABINET APPROVAL
YESTERDAY.

2. UNDER THE PROPOSAL THE FINANCE MINISTRY AND THE THAI
ZINC COMPANY WILL BE SHAREHOLDERS. THE MINISTRY WILL
HOLD 45 PERCENT OF THE SHARES, WHILE THE COMPANY WILL HOLD
THE REMINDER.

3. THIS MEANS THAT OF THE TOTAL 500 MILLION BAHT SHARE
VALUE, THE COMPANY WILL PAY 225 MILLION BAHT--137.5 MILLION
BAHT ON REGISTRATION AND THE REST WITHIN ONE YEAR.

4. IN RETURN, THE GOVERNMENT WILL ALLOW THE PLANT TO EXPORT
136,000 METRIC TONS OF DRIED ZINCE ARE ANNUALLY, ALTHOUGH IN
THE INITIAL STAGE ONLY HALF THAT AMOUNT WILL BE ALLOWED
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FOR EXPORT.

5. ACCORDING TO DEPUTY INDUSTRY MINISTER BANHARN SILPA-ACHA, THE PROPOSAL PROVIDED A FAIR DEAL FOR THE INVESTORS AND THE GOVERNMENT. END TEXT.

6. MR. WOODROW SPONAUGLE, MANAGING DIRECTOR OF THAI ZINC (A SUBSIDIARY OF NEW JERSEY ZINC) CONFIRMED THAT THE ARTICLE IS FACTUALLY ACCURATE, AND EXPRESSED SATISFACTION WITH THE ARRANGEMENT. HE SAID THAT ALTHOUGH THERE MIGHT BE SOME MINOR DISAGREEMENTS TO WORK OUT WITH THE GOVERNMENT, HE FORESAW NO MAJOR PROBLEMS IN IMPLEMENTING THE VENTURE.

7. COMMENT: THIS LONG-AWAITED ACTION, INVOLVING THE CONSTRUCTION OF SMELTER COSTING NEARLY ONE HUNDRED MILLION DOLLARS, COULD PLAY A SIGNIFICANT PART IN REVIVING THE DEPRESSED PRIVATE INVESTMENT CLIMATE IN THAILAND. WHITEHOUSE

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